

Republic of the Philippines
Province of Ilocos Norte
SOLSONA

EXCERPTS FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG BAYAN OF SOLSONA, ILOCOS NORTE, IN ITS SESSION HALL ON OCTOBER 19, 1995 IN LIEU OF OCTOBER 16, 1995.

PRESENT:

Hon. Pablito R. Cabacungan,	Vice-Mayor/Presiding Officer,
Hon. Ismael L. Agulay,	Member,
Hon. Adlai C. Factora,	Member,
Hon. Jovencio M. Pascua,	Member,
Hon. Andresito A. Luis,	Member,
Hon. Agripino M. Estavillo,	Member,
Hon. Gervacio B. Vicente,	Member,
Hon. Henry A. Batara,	Member,
Hon. Alma B. Manuel,	Member,
Hon. Edison E. de Lara,	ABC President.

ABSENT:

Hon. Jonathan L. de Lara, SK President.

MUNICIPAL ORDINANCE NO. 334

AN ORDINANCE LEVYING BUSINESS TAX ON CONSTRUCTION CONTRACTORS PURSUANT TO SECTION 143 (a) OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991.

Be it ORDAINED, by the Sangguniang Bayan of Solsona, Ilocos Norte, that:

Section 1 - The municipality shall levy Business Taxes pursuant to the provisions of Section 143 (a) and 151 of the Local Government Code and Articles 232(e) and 237 of its Implementing Rules and Regulations on Construction Contractors such as, but not limited to, General Engineering, General Building and Specialty Contractors;

Section 2 - Definition of Terms:

(a) Contractor - shall include persons, natural or juridical, not subject to professional tax under Section 139 of the Local Government Code, whose activity consists essentially of the sale of all kinds of construction services for a fee, regardless of whether or not the performance of the service calls for the exercise or use of the physical or mental faculties of such construction contractor or his employees;

(b) Construction Contractor - shall refer to the principal contractor who has direct contract with the contractee for a specific domestic project;

(c) General Engineering Contractor - is a person whose principal contracting business is in connection with fixed works requiring specialized engineering knowledge and skill, including the following divisions of subject: irrigation, drainage, water power, water supply, flood control, inland waterways, harbors, docks and wharves, shipyards and ports, dams, hydroelectric projects, levees, river control and reclamation works, railroads, highways, streets and roads, tunnels, airports and airways, waste reduction plants, bridges, overpasses, underpasses and other similar works, pipelines and other system for the transmission of petroleum, and other liquid or gaseous substances, land levelling and earth moving projects, excavating, grading, trenching, paving and surfacing work;

(2)

(d) General Building Construction Contractor - is a person whose principal contracting business is in connection with any structure built, for the support, shelter and enclosure of persons, animals, chattels or movable property of any kind, requiring in its constructing the use of more than two unrelated building trades or crafts or to do or superintend the whole or any part thereof. Such structure includes sewers and sewerage disposal plants and systems, parks, playgrounds and other recreational works, refineries, chemical plants and similar industrial plants, requiring specialized engineering knowledge and skill, powerhouse, power plants and other utility plants and installations, mines and metallurgical plants, cement and concrete works in connection with the above-mentioned fixed works;

(e) Gross Sales or Receipts - shall include the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged or materials with the services and deposits or advance payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person excluding discounts if determinable at the time of sales, sales return, excise tax and value added tax (VAT) paid by the taxpayer;

(f) Sub-Contractor - is a person whose operations pertain to the performance of construction work requiring special skills and whose principal contracting business involves the use of specialized building trades or crafts;

(g) Domestic Construction Project - refers to a project bidded out and implemented within the territorial jurisdiction of the Philippines by any foreign or domestic contractor;

(h) Overseas Construction Project - shall mean a construction project undertaken by a construction contractor outside the territorial boundaries of the Philippines, paid for in acceptable freely convertible foreign-currency, as well as construction contracts dealing in foreign-currency denominated fabrication works with attendant installation works outside of the Philippines;

Section 3 - Rate and Manner of Imposition - As provided for in Section 143(c) of the Local Government Code of 1991, as implemented under Article 232(e) of the Implementing Rules and Regulations, municipalities shall impose a business tax on contractors and other independent contractors in accordance with the following schedule:

with gross receipts for the preceding Calendar Year in the amount of:	Amount of Tax Per Annam
less than ₱ 5,000.00	₱ 27.50
₱ 5,000 or more but less than ₱ 10,000.00	₱ 61.60
10,000 or more but less than 15,000.00	104.50
15,000 or more but less than 20,000.00	165.00
20,000 or more but less than 30,000.00	275.00
30,000 or more but less than 40,000.00	365.00
40,000 or more but less than 50,000.00	550.00
50,000 or more but less than 75,000.00	680.00
75,000 or more but less than 100,000.00	1,320.00
100,000 or more but less than 150,000.00	1,980.00
150,000 or more but less than 200,000.00	2,640.00
200,000 or more but less than 250,000.00	3,630.00
250,000 or more but less than 300,000.00	4,620.00
300,000 or more but less than 400,000.00	6,160.00
400,000 or more but less than 500,000.00	8,250.00
500,000 or more but less than 750,000.00	9,250.00
750,000 or more but less than 1,000,000.00	10,250.00
1,000,000 or more but less than 2,000,000.00	11,500.00

₱ 2,000,000 or more but less than ₱ 5,000,000.00	₱ 12,750.00
5,000,000 or more	at a rate not exceeding fifty percent (50%) of one percent (1%)

The taxable gross receipts shall be the amount received by the principal contractor as the total contract price less the amount paid to a sub-contractor under a sub-contract arrangement if there is any. The said sub-contractor, however, shall also be subject to the business tax imposed herein.

Section 4 - Non-separability of Business - Business activities which are inherent, related, necessary or incidental to the business of construction contractor shall be treated as one business activity subject to the same tax rate schedule under Sec. 3 hereof. However, the amount of tax due from the contractor shall be compared on the basis of the combined gross receipts of all such related activities.

In view hereof, the provisions of Art. 242 of the IRR requiring a person or entity to get a separate Mayor's Permit for each business activity shall not apply to construction contractors as defined above.

Section 5 - Situs of Tax

(a) Definition of Terms

(1) **Head/Principal Office** - shall refer to the main office of the construction contractor indicated in the pertinent documents submitted to either to the Securities and Exchange Commission (SEC) or other appropriate government agencies, as the case may be. The city or municipality specifically mentioned in the Articles of Incorporation and other official registration papers as being the official address of said Head/Principal Office shall be considered as the situs thereof.

(2) **Branch Office** - is a fixed place in a locality which conducts operations of the business as an extension of the principal office.

(3) **Project Office** - shall mean the field office in the construction site. It is equivalent to the factory of a manufacturer.

(b) For purposes of collection of the tax, the following rules shall apply:

(1) All gross receipts realized from domestic projects or contracts undertaken by the branch office shall be recorded in the said branch and the tax thereon shall be payable to the city or municipality where the said branch is located;

(2) In cases where there is no branch office, the gross receipts from domestic projects or contracts shall be recorded in the Head/Principal Office and the same shall be allocated as follows:

(i) Thirty percent (30%) of the gross receipts shall be taxable by the city or municipality where the principal office is located, and

(ii) Seventy percent (70%) of the gross receipts shall be taxable by the city office, municipality where the project office is located.

(3) In cases where there are two (2) or more project offices located in different localities, the seventy percent (70%) allocation stated in sub-paragraph (2) (ii) above shall be prorated among the localities where such project offices are located in proportion to the work accomplished based on the cost of the projects or contracts actually undertaken in the locality during the tax period for which the tax is due;

(4) In the case of overseas construction projects, the construction contractor shall declare separately the gross receipts realized therefrom, which shall not be subject to the business tax;

(5) In the case of pre-fabricated works which are paid for in accepted freely convertible foreign currency with attendant installation works outside the Philippines, the gross receipts realized therefrom shall be subject to not more than one-half (½) of the rate prescribed for in Sec. 3 (a) thereof;

(6) In case there is a transfer or relocation of the Head/Principal Office of any branch to another city or municipality, the construction contractor shall give due notice of such transfer or relocation to the cities or municipalities concerned within fifteen (15) days before such transfer or relocation is effected;

Section 6 - Time of Payment - The business tax on Construction Contractors accruing to the municipality shall be collected by the Municipal Treasurer or her duly authorized representative within the first twenty (20) days of January of each year or of each subsequent quarter, as the case maybe;

Section 7 - Surcharge for late payment - Failure to pay the amount of prescribed business tax in due time shall subject the taxpayer to a surcharge of twenty five (25%) percent to be paid at the same manner as the tax due;

Section 8 - Examination of Books of Accounts and Pertinent Records. The Treasurer of the ISU concerned or through any of his deputies duly authorized in writing may examine the books of accounts and other pertinent records of construction contractors in order to ascertain, assess, and collect the correct amount of the tax due;

Section 9 - This Ordinance shall take effect after the lapse twenty-one (21) days after a copy of it is posted on a bulletin board and other conspicuous places and publish in a newspaper of local circulation;

On motion of Hon. Ismael L. Agulay, duly seconded by Hon. Gervacio B. Vicente, it was

CARRIED UNANIMOUSLY, with the following votes:

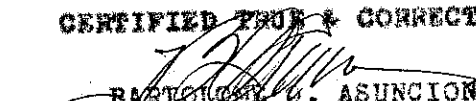
In favor - Hon. Agulay, Factors, Pascua, Luis, Estavillo, Vicente, Batarra, Manuel, and E. de Lara;

Against - None.

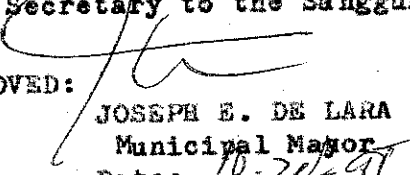
ATTESTED:


PARLITO R. CABACUNGAN
Vice-Mayor/Presiding Officer

CERTIFIED TRUE & CORRECT:


BARTOLOME U. ASUNCION
Secretary to the Sangguniang Bayan

APPROVED:


JOSEPH E. DE LARA
Municipal Mayor
Date: 10-20-91